

NEWSLINE

Savings Plus Program

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How to Choose Your SPP Investments

All too often we hear from participants who say the hardest part about managing their SPP account is choosing investments. There are so many choices (some say too many), with long jargon-filled names that tend to sound alike to a lay person.

If you're one of those who find the process of choosing investments a bit overwhelming, or you just want a refresher on the basics, take a minute to read this article. This information is provided for educational purposes and is not intended as tax or investment advice. Please see your attorney or other professional advisor for such advice.

When you finish reading, grab your quarterly statement. Look at the pie chart on the first page and the percentages next to it. It's important for you to pay attention to that pie chart, as we're about to explain.

Choose by category

The long-term success of your investments may depend more on the categories you put your money in, not the individual investment choices within that asset class. One example of an asset class is *stocks*, also known as equities. *Bonds* are another example.

Over time, the rate of return for most stock funds may be very different than the rate of return for most bond funds.

The "stock" asset class breaks down further into asset categories: large, medium, small and international.

You'll see them listed as *large-cap*, *mid-cap*, *small-cap* and *international*.

Over time, the rate of return for the individual investment funds in each of these asset categories may be similar.

These different asset classes and asset categories vary in terms of how much risk you take by investing in them, compared to how much potential they offer to grow in value over time. For example, of the asset classes we've listed so far, the one with the highest risk — and the potential to produce the highest returns over time — would be stocks. Within the stock class, the four asset categories also vary on the scale of risk and return.

Consider your age

Now we turn to another factor you should consider when choosing investments: your age. If you're young and expect to work several more years, the percentage of each investment classes you select may be different than someone who's older and will depend on income from investments in a few years.

Likewise, if you're already retired, you would likely select a different percentage mix of the investment categories depending on how much and when you expect to receive income from other sources, such as CalPERS and/or Social Security.

Take our short quiz

Most SPP participants don't intuitively know what percentage of their investments to allocate to the various categories, so we offer a short quiz, called the Ibbotson tool, to help you figure it out. It asks eight questions to help identify how much risk you're comfortable with and how many years your money will be invested before you begin withdrawals.

The quiz is on our Web site under "Investment Education" and our Investment Guide.

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SPP Changed Fund Descriptors

Before investing, carefully consider the fund's investment objectives, risks, and charges and expenses. The fund prospectuses can be obtained by calling 1-866-566-4777. The fund prospectus contain this and other important information. Read the prospectuses carefully before investing.

Keep in mind that investing involves market risk, including possible loss of principal. There are additional risks associated with certain investments. Information regarding these specific risks is provided below. There is no guarantee that investment objectives will be achieved.

Fund Name	Investment Type*	New Fund Descriptor Effective January 2007
SPP International Managed Fund	Separate Account	International Fund
Hartford Small Company HLS Fund (HIASX)	Mutual Fund	Small Cap Fund – Growth
SPP Small Cap Managed Fund – Blend	Separate Account	Small Cap Fund – Blend
Savings Plus Small Cap Value Fund	Separate Account	Small Cap Fund – Value
SPP Mid Cap Managed Fund – Growth	Separate Account	Mid Cap Fund – Growth
Savings Plus Mid Cap Blend Fund (CRM Mid Cap Value Fund (Instl Shares) (CRIMX))	Mutual Fund	Mid Cap Fund – Blend
SPP Mid Cap Managed Fund – Value	Separate Account	Mid Cap Fund – Value
SPP Large Cap Managed Fund – Growth (The Growth Fund of America (R5 Shares) (RGAFX))	Mutual Fund	Large Cap Fund – Growth
Savings Plus Large Cap Blend Fund	Separate Account	Large Cap Fund – Blend
Savings Plus Large Cap Value Fund	Separate Account	Large Cap Fund – Value
CalPERS S&P 500 Index Fund	Separate Account	Large Cap Index Fund
Savings Plus Socially Responsible Fund (Neuberger Berman Socially Responsive Fund)	Variable Annuity Subaccount ¹	Socially Responsible Fund
Vanguard Total Bond Market Index Fund (VBTIX)	Mutual Fund	Bond Index Fund
Dwight Stable Value Fund	Separate Account	Short Term Investment Fund
Savings Pool	Separate Account	Short Term Investment Fund – Cash
Gartmore Investor Destinations Fund – Aggressive (NDASX)	Mutual Fund	Asset Allocation Index Fund – Aggressive
Gartmore Investor Destinations Fund – Moderately Aggressive (NDMSX)	Mutual Fund	Asset Allocation Index Fund – Moderately Aggressive
Gartmore Investor Destinations Fund – Moderate (NSDMX)	Mutual Fund	Asset Allocation Index Fund – Moderate
Gartmore Investor Destinations Fund – Moderately Conservative (NSDCX)	Mutual Fund	Asset Allocation Index Fund – Moderately Conservative
Gartmore Investor Destinations Fund – Conservative (NDCSX)	Mutual Fund	Asset Allocation Index Fund – Conservative

* For additional information about the investment types please refer to the corresponding prospectus and fund factsheets.

¹ The unregistered group variable annuity is issued by Hartford Life Insurance Co. The contract number is GC-110216.

International investing involves additional risks; including currency fluctuations, political instability, differences in accounting standards and foreign regulations.

Small company funds involve increased risk and volatility.

The Gartmore Investor Destinations Funds can be selected based on your personal objectives and risk tolerance and are designed to provide asset allocation across several types of investments and asset classes, primarily by investing in underlying funds. Therefore, in addition to the expenses of the Investor Destinations Funds, you are indirectly paying a proportionate share of the applicable fees and expenses of the underlying funds.

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The quiz guides you to a “model portfolio” that is based on your risk tolerance and time horizon. The next step is to select funds from the SPP’s lineup (see chart, page 2). To enter the percents, log on to your account on our Web site (“username” is your SSN; “password” requires you to set one up if you haven’t already) or use our automated phone system (it requires a different password).

Read your investment “pie”

Now it’s time to check that pie chart on your quarterly statement. It shows how your investments currently are allocated among the different categories. Look to the right of the pie for the percentages. Do these percentages and category types track your model portfolio from the quiz?

They should. This “asset allocation” will determine more than any other factor whether your investment strategy pays off long-term.

Periodically check your pie chart. As wedges grow or shrink so they no longer match your model portfolio, log on to your account and do an “end result exchange” (under the “Transactions” link on your account page). This rebalances your portfolio to the percentages you want.

Even though your pie wedges will change over time as your investments grow at different rates, your monthly paycheck deferrals will stay the same unless you change them. So be sure to set them up according to your model portfolio. Every few years, take the quiz to see if your risk tolerance has changed (your age factor certainly will!)

Still confused?

If you’re not comfortable choosing percentages and categories, you can opt for one of our ready-mixed choices, called “asset allocation funds.” These five choices already are diversified among the categories in different amounts and are designed to be your single SPP investment choice. You choose one of the five that best matches your results from the Ibbotson tool.

Verify Your Beneficiary Information

If you haven’t checked your beneficiary information lately, SPP wants to remind you to do so. It’s now easier than ever to do, and can help ensure that upon your death your SPP assets will be transferred to the person or persons you intended.

To verify your current designation, look for the Beneficiary Information section on the last page of your quarterly statement. To view the information online, go to our Web site (www.sppforu.com), logon to your account, then scroll down to the bottom of the page. (If you have a 401(k) and a 457 account, you need to check each plan individually.)

If you’ve never selected a beneficiary, the Beneficiary Information section of your statement will show “No Beneficiary on File” and your online account page won’t show any beneficiary information. In this case, you should designate someone now.

To add or change a beneficiary, you must submit a Beneficiary Designation Form. If you have a 401(k) *and* a 457 account, you need to designate a beneficiary for each plan, even if it’s the same person(s). Forms are available on our Web site, or you may request forms by calling 1-866-566-4777 (press * 0 for a customer service representative).

Update Your Address Online

Have you moved or recently changed your address? You can now input the change directly to your SPP account by using a new feature on our Web site.

This do-it-yourself option is only available to retired or separated employees, and to current employees who have stopped paycheck deferrals to their SPP account. To make an address change, logon to your account, select “Online Profile,” and then “Change Personal Information.” Alternately, you may click on the “change it” link on the Account Information page. The change takes effect immediately, ensuring you continue receiving your statements, payments, or other account mailings.

If you’re a current employee who restarts contributions after making an address change online, you’ll need to also submit a change of address through your personnel or human resources office. Otherwise, when your contributions start up again the address in our system will revert to the address your personnel office has on file for you.

If you’re currently contributing to a Savings Plus account, update your address with your personnel or human resource office, *not* online. Your address will be updated with your next contribution.

Build Retirement Income With Today's Tax Refund

If you anticipate getting a tax refund, you can use that money to help boost your retirement income or help you retire earlier. How?

It's simple. As soon as you know how much you're getting back from the IRS or FTB, divide that amount by the number of pay periods left in 2007. Then increase your monthly deferrals by that amount.

For example, if your tax refund totals \$1,000 and you have 8 monthly pay checks left in the 2007 tax year, increase your monthly deferral by \$125 per paycheck. You'll reduce your taxable income by that amount and build up your SPP assets faster, which can help move you closer to your retirement goals.

Besides tax refunds, you should also consider boosting your retirement investing when you receive your next promotional increase, merit salary adjustment, or COLA.

As most financial experts agree, the price of goods and services will continue to increase. Therefore, putting more money aside for your retirement is a wise move to help provide additional income for your golden years.

When You Reach Age 70½

After you reach age 70½, the IRS generally requires you to begin withdrawing money from your 401(k) and 457 accounts. Called a "required minimum distribution," this payment must be issued no later than April 1 of the year *following* the year you reach 70½, or the year you retire, whichever is later.

Our Benefit Payment Booklet provides details on all payment options, including required minimum distributions. You can get the booklet on our Web site: go to Plan Info & Forms, then select Forms and Publications. Or you can request a copy by calling 1-866-566-4777; then press * 0 for a customer service representative.

Investment Fund Update

FUND INVESTIGATIONS

No items to report.

FUND MANAGER CHANGE

No new items to report.

WATCHLIST

There are no funds added to the Watchlist for this quarter.

The Hartford Small Company HLS Fund remains on the Watchlist because of the addition of a second fund management team. This is a change from the previous manner in which the fund was managed. Fund is eligible to come off the Watchlist in July 2007.

Contribution Cap Update

The IRS announced an increase in contribution limits for 2007. The new limits are \$15,500 for the 401(k) and 457 plans. (The 2006 limit was \$15,000.) If you are 50 or older the cap per plan is \$20,500.

Where's Your 1099-R?

If you received a payment from your account in 2006, keep an eye on your mail for the 1099-R tax document, mailed from Nationwide Retirement Solutions in January.

If you haven't received your 1099-R by Feb. 15, 2007, request a copy by calling 1-866-566-4777; then press * 0 for a customer service representative. A copy will be mailed to you within 30 days.



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How to Reach Us

Hours:
Lobby: 8:00 a.m. - 4:30 p.m.

Phone: 8:30 a.m. - 4:00 p.m.

Web site: www.sppforu.com

Voice Response System:
1-866-566-4777

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